

The following brief information is provided to present the perspective on the recommendations contained in the *Executive Budget*. Further information is available in the *Executive Budget Detail* pages for each agency, which can be found at <http://www2.state.id.us/dfm>, or you may contact the appropriate DFM analyst as identified in the front of the book.

FY 2003 Budget Highlights

Initial Contingency Plan (from May 2002)

Defer remainder of Permanent Building Fund (PBF) projects provided in HB 701 -\$13,013,800
Defer PBF maintenance projects - \$35,000,000
Utilize Millennium Funds -\$60,000,000 approximately
Utilize Budget Stabilization Fund - \$25,000,000 approximately
Utilize surplus funds in Risk Management Fund - \$5,000,000
Year-end reversions increased from 2002 (May press release, freeze, etc.)

Updated Contingency Plan (August press release)

Revenue projection revised to 3.9% growth over FY 2002
3.5% Holdback announced (except Public Schools, College & Universities, misc.) - \$19,481,900 final
Eliminate year-end balance anticipated by appropriation - \$5,108,400

Recommendation to Legislature (Changes from earlier plans)

Revenue projection revised to 4.3% growth over FY 2002
Implement Sales Tax increase of 1.5% May 1 - \$18,400,000
Utilize Budget Stabilization Fund of \$8,662,900

Increase safety net for local government health costs (Cat Fund Supplemental \$3 million; \$1.7 Ongoing)

FY 2004 Budget Highlights

- Revenue projection of 4.1% growth over FY 2003
- Continue Sales Tax at 6.5% (\$240,300,000)
- Increase Cigarette Tax to \$.62/pack June 1, 2003 - \$28,700,000
- Increase Grocery Tax Credit \$5 per person - \$5,500,000
- Rebuild Budget Stabilization Fund - \$17,914,600
- Rebuild Millennium Fund - \$31,000,000
- Restart deferred maintenance projects - \$20,758,200
- Restart Higher Education Projects of \$67,244,000 value (FY 2005 Bond Payment)
- No reduction in education budgets
- No reduction in quality-of-life health programs (Medicaid)
- Provide ongoing replacement of exhausted and nearly exhausted one-time fund sources - \$176,905,200

Introduction

THEMES

- Preserving the economic engine and the future through continued commitment to education.
- Providing proper safety net care for the elderly and disadvantaged while simultaneously stemming the meteoric rise in health care costs.
- Stability in the tax structure.
- The state workforce contributes significantly to the success of the state's mission and is recognized by continuing to have a stable health care plan. Even though there are no increases in employee pay, there is funding to ensure that health care coverage for our workforce is maintained without significant reductions in coverage or dramatic increases in premiums.
- The Governor's Recommendation will allow the critical maintenance projects that were put on hold to be resumed. Many of these projects are at education institutions or health facilities and many of them are not only roofs and mechanical/electrical system upgrades, but also life/safety compliance issues such as the installation of fire prevention and workplace protection systems.
- The Permanent Building Fund project list accommodates the number one statewide priority of the security locking system at the Department of Correction. The state is at risk of significant peril if the currently failing security locking system is not replaced
- The Public Works portion of the budget also contains a provision for the purchase of the MK building complex and the post office property in Boise. Through these acquisitions, we will save significant dollars in the future by being able to co-locate state programs that are now scattered throughout the area.
- This budget also recognizes the importance of restoring the Millennium Fund corpus. We cannot afford to lose the momentum the state has made in addressing the effects of tobacco on our youth and health care system.
- With the exception of Higher Education, there is no operating inflation funding in this budget. In medical inflation, there is a 3% increase, well below the expected levels of the marketplace
- Mandatory increases in public school funding have been provided. In addition, there is \$1.5 million to initialize the funding of SB 1474 for the renovation or remodeling of local school facilities.